

## Vermont Department of Taxes

### TAX: MEALS AND ROOMS TAX SUBJECT: LOCAL OPTION TAX

TB - 25  
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### 24 V.S.A. § 138(b)(2)&(3)

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Beginning July 1, 2003, charges for rooms, meals and beverages that are subject to the state meals and rooms tax are also subject to a 1% local option tax in Williston.

This bulletin addresses the procedure for collecting and reporting the Williston local option meals and rooms taxes. The general principles apply to any local option meals or rooms tax enacted pursuant to 24 V.S.A. §138(b) (which allows such taxes temporarily in certain towns impacted by Act 60). However, as of May 12, 2003, Williston was the only town to enact a meals and rooms tax under this provision. **This bulletin does NOT apply to taxes imposed by the City of Burlington or the City of Rutland.** These cities administer somewhat similar taxes authorized by their individual charters. Questions pertaining to these taxes should be addressed to the city treasurer's office.

#### Transactions subject to tax

##### GENERAL RULE

The local option tax must be collected on any charge if both of the following conditions apply:

- (a) the charge is subject to the Vermont meals and rooms tax, and
- (b) the lodging is in Williston or the meal or beverage is furnished in Williston.

##### EXAMPLES

1. A restaurant in Williston serves a meal to a patron. The meal is subject to local option tax.
2. A restaurant in Williston contracts to cater an event in South Burlington. The restaurant furnishes the meal in South Burlington. No local option tax applies. If the client picked up the food in Williston, the local option tax would apply. Also, if the caterer was in South Burlington and the meal was furnished in Williston local option tax would apply.
3. A mobile vendor sells sandwiches, coffee, and other food subject to meals and rooms tax at various locations during the day. Local option tax applies to the transactions that take place in the town of Williston.

4. A pizza shop takes telephone orders at its store in Williston and delivers to customers in Williston and adjacent towns. Local option tax applies only to the deliveries in Williston. Likewise, a similar pizza shop outside of Williston must collect local option tax on deliveries into Williston.
5. An inn in Williston rents a room. The charge is subject to local option tax.
6. A real estate agency in Williston rents a cottage in Bolton for one week to a vacationing family (subject to state meals and rooms tax). The transaction is not subject to local option tax. If the agency had been in Bolton and the cottage in Williston, local option tax would apply.

### **Registration of Operators**

No additional registration is required for operators with Vermont meals and rooms tax licenses showing a Williston place of business. Operators with taxable meals, beverages or rents in Williston but business locations outside of the town must notify the Department in order to have an account established and to assure that returns will be sent to them.

### **Collection of Tax from Customers**

The local option tax may be combined with the state meals and rooms tax and collected as a single 10% tax (11% for alcohol). At the operator's option, the state tax and local taxes may be shown separately. If sales are made on a tax-included basis, notice must be made to the customer that the price includes both state and local tax. An operator may not make sales on a tax-included basis for one tax while separately itemizing the other.

The formula for collecting a 10 percent tax is as follows:

<u>Amount of Sale</u>	<u>Tax</u>
\$0.01 - 0.10	\$.01
0.11 - 0.20	.02
0.21 - 0.30	.03
0.31 - 0.40	.04
0.41 - 0.50	.05
0.51 - 0.60	.06
0.61 - 0.70	.07
0.71 - 0.80	.08
0.81 - 0.90	.09
0.91 - 1.00	.10
over 1.00	.10 for each full dollar plus the amount calculated from the above

formula for the portion in excess of a full dollar.

The formula for collecting an 11 percent tax is as follows:

<u>Amount of Sale</u>	<u>Tax</u>
\$0.01 - 0.09	\$.01
0.10 - 0.18	.02
0.19 - 0.27	.03
0.28 - 0.36	.04
0.37 - 0.45	.05
0.46 - 0.54	.06
0.55 - 0.63	.07
0.64 - 0.72	.08
0.73 - 0.81	.09
0.82 - 0.90	.10
0.91 - 1.00	.11
over 1.00	.11 for each full dollar plus the amount calculated from the above

formula for the portion in excess of a full dollar.

If the one percent tax is collected separately, it is collected by rounding up or down to the nearest whole dollar before applying the tax. The formula is as follows:

<u>Amount of Sale</u>	<u>Tax</u>
\$0.01 - 0.50	No Tax
\$0.51 - 1.50	\$.01
1.51 - 2.50	.02
2.51 - 3.50	.03
etc.	

### **Filing Returns and Remitting Tax**

The Local Option Meals and Rooms Tax return for Williston is filed quarterly. The first returns are due on the 25<sup>th</sup> day following the end of each quarter. Therefore, the first return will be for transactions from July 1 to September 30, 2003 and is due October 25, 2003. **The separate local option return must be used. The tax can not be reported on the state return.**

The Department of Taxes will mail returns and instructions to operators with Williston location on their state meals and rooms license or that have registered with the Department as collectors of the Williston local option meals and rooms tax. Vendors needing returns or having questions concerning the tax should contact the Department by telephoning Taxpayer Services at (802) 828-2551, by email to [bustax@tax.state.vt.us](mailto:bustax@tax.state.vt.us), or writing to the Department at 109 State Street, Montpelier, Vt. 05609-1401.

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